



Human Rights Risk and Impact Assessment Methodology

Updated 2018 Version

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1 OVERVIEW

1.1 INTRODUCTION

The introduction of the *Protect, Respect and Remedy Framework* as outlined in the UN Guiding Principles on Business and Human Rights marked the establishment of new requirements for business conduct. Companies are expected to respect human rights, or in other words, avoid infringing upon the rights of others. In practice, this involves adopting a human rights policy to guide a company’s operations, and understanding a company’s impacts and risks, which should be mitigated and monitored over time. The *Protect, Respect and Remedy Framework* requires companies to carry out a human rights due diligence process in order to identify, prevent, mitigate, and account for how the company addresses its adverse human rights impacts and risks.

As CP ALL’s operations could be exposed to human rights related risks, which can negatively impact the business, its reputation, and its stakeholders, the company needs to develop a systematic approach for assessing and addressing human rights risks, mitigating impacts, and monitoring and reporting performance, accordingly. For this reason, CP ALL has developed a Human Rights Due Diligence process in reference to the process of Charoen Pokphand Group, CP ALL’s parent company, as shown in **Figure 1**.

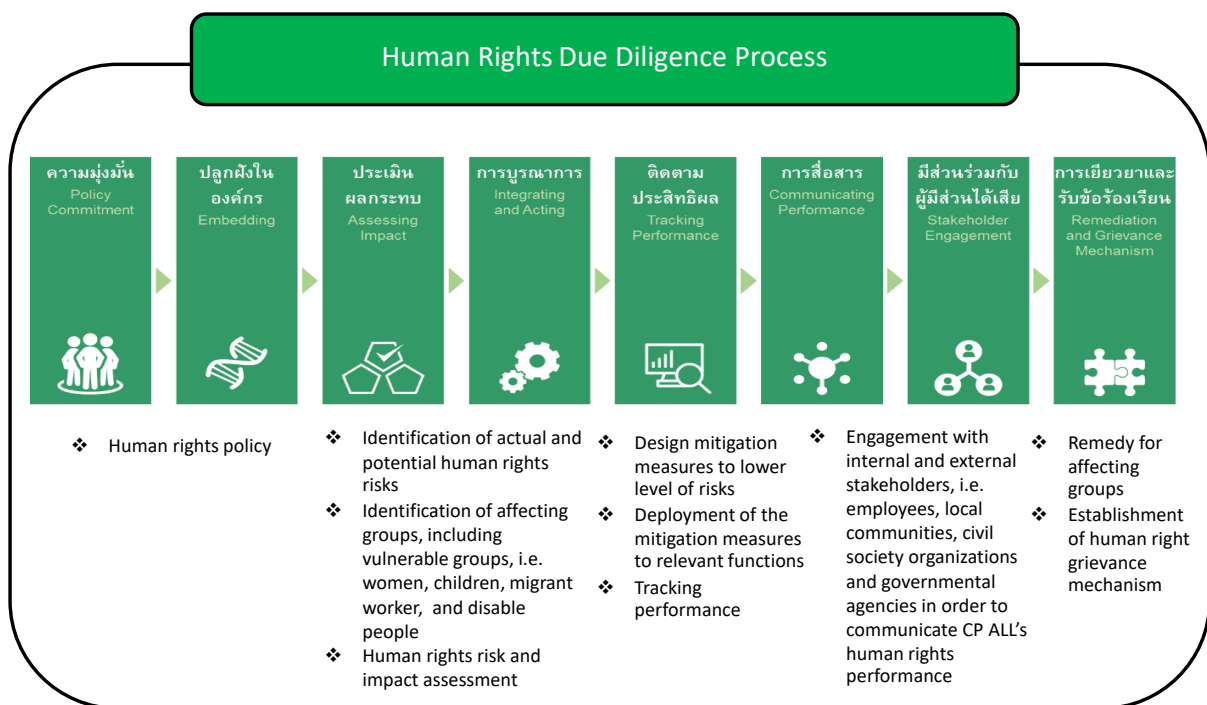


Figure 1 CP ALL’s Human Rights Due Diligence Process

This Human Rights Due Diligence process has been designed to be an ongoing process. This will be applied to all CP ALL activities, where potential human rights impacts and/or risks exist. This includes operational activities (i.e. employment practices) and activities within the value chain (i.e. sourcing raw materials, delivery of goods).

One of the critical steps in the Human Rights Due Diligence process is to assess human rights risks and impacts. To concretize and standardize this process to all relevant CP ALL functions, a human rights risk and impact assessment (HRIA) methodology is developed. The purpose of the HRIA methodology will be further described in more detail in Section 1.2.

1.2 PURPOSE

The Human Rights Risk and Impact Assessment (HRIA) Methodology is aimed to inform CP ALL about its potential human rights impacts on internal and external stakeholders associated with the company's operations. In addition, this Methodology will enable CP ALL to identify and prioritise corporate human rights risks. This, therefore, will help CP ALL to effectively plan and manage these critical human rights risks through existing and additional mitigation measures.

Objectives of this Methodology are to provide a structured process through which relevant functions/ units of CP ALL can identify, manage, and monitor potential human rights impacts associated with their operations. Results of the HRIA will guide management strategies of the company to lower risk impacts to acceptable levels, as well as to prevent and/or mitigate the potential impacts before they occur.

1.3 SCOPE

This Methodology applies to all operations and subsidiaries of CP ALL, and also relevant external stakeholders (e.g. suppliers, contractors, and community) that are impacted from CP ALL's operation activities.

This Methodology has been developed based on international standards and guidance materials, such as the United Nations Guiding Principles on Business and Human rights (UNGPs) and the International Finance Corporation (IFC).

1.4 DEFINITIONS

1.4.1 Human Rights

Human rights are the basic freedoms and protections that all people are entitled to simply because they are human beings. All human rights are underpinned by the following 4 principles (the Guide to Human Rights Impact Assessment and Management; HRIAM) including;

- **Universal:** All people are born with and are entitled to the same human rights, regardless of nationality, residence, gender, race, ethnicity, religion, and cultural heritage.
- **Inalienable:** Human rights should not be taken away or compromised except in specific situations and according to due process.
- **Indivisible:** All human rights should be equally considered. Civil and political rights are of equal importance to economic, social, and cultural rights.
- **Interdependent and interrelated:** Human rights are mutually reinforcing. The enjoyment of one human right often relies wholly, or in part, on the existence of other human rights. Similarly, the interference of one human right often negatively affects other human rights.

Furthermore, the 30 plus human rights that exist are defined by the International Bill of Rights, which consists of the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), and the International Covenant on Economic, Social and Cultural Rights (ICESCR) (**Box 1**).

There are other relevant international conventions and declarations, including the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work and the Declaration on the Rights of Indigenous Peoples by United Nations (UN).

BOX 1. HUMAN RIGHTS

Human rights are typically divided into two categories – civil and political rights and economic, social and cultural rights.

International Covenant on Civil and Political Rights: ICCPR. Civil and political rights protect the individual from unwarranted infringement by government and private organisations and guarantee the individual the ability to participate in civil and political life without discrimination or repression. Examples of civil and political rights includes the: right to life, freedom of religion, freedom of speech, freedom of assembly, and rights to due process and a fair trial.

International Covenant on Economic, Social and Cultural Rights: ICESCR. Economic, social and cultural rights are found on the belief that people can enjoy rights, freedoms and economic justice all at the same time. Examples of economic, social and cultural rights includes the right to work, the right to just and favourable working conditions, the right to an adequate standard of living and the right to education.

The business sector is expected to respect human rights, as set out in the *Protect, Respect and Remedy Framework*. **Error! Reference source not found.** provides examples of the human rights that may be impacted by an operation. This includes rights held by local community members (e.g. right to an adequate standard of living) as well as the rights held by an operation’s workforce (e.g. right to equal pay for equal work).

Table 1 **Examples of Human Rights**

Topic	Right	Source
Labour	Right to belong to a trade union	ILO/ UDHR
	Right to equal pay for equal work	ILO/ UDHR / ICESCR
	Right to work	ICESCR
	Right to the enjoyment of just and favourable conditions of work	ICESCR
Livelihood	Right to an adequate standard of living	UDHR
Security	Right to life, liberty and security of person	UDHR
Cultural	Right to take part in cultural life	ICESCR

2 HUMAN RIGHTS RISK AND IMPACT ASSESSMENT PROCESS

The human rights risk and impact assessment involves 3 steps, which are outlined in **Figure 2**.



Source: IFC's Guide to Human Rights Impact Assessment and Management

Figure 2 CP ALL's Human Rights Risk and Impact Process Flow

2.1 SCOPING

In this step, CP ALL needs to scope out the most relevant human rights issues. Such findings can be obtained from following means:

- Review of peers' human rights issues through company websites, public information, and news update;
- Review of risks within the geography of operation (e.g. country risks); and
- Review of industry's human rights issues from United Nation agencies and NGO references (**Box 2**).

BOX 2 DATA SOURCES

Applicable sources of information include reports generated by reputable non-governmental organisations, such as Human Rights Watch, Amnesty International, and the United Nations Human Rights Council, as well as government agencies.

For example, the United Nations has appointed a Special Rapporteur on the Human Rights Situation in Myanmar. As part of his role, the Special Rapporteur produces regular status reports on Myanmar; these reports will contain a host of relevant data that should be included in scoping.

In addition, it is important to consider human rights issues throughout CP ALL's business value chain. For CP ALL's type of business, potential human rights risks can occur not only in direct operations but also indirect business activities undertaken by suppliers, contractors, or joint-ventures leading to complicity (**Box 3**).

BOX 3 DEFINING COMPLICITY

There are three forms of complicity that need to be addressed during the HRIA. This includes:

- **Direct complicity:** This occurs when a business assists another organisation or individual in perpetrating a human rights violation. For example, a company uses suppliers who involve with employment or contracting of child labour or other illegal forms of labour.
- **Beneficial complicity:** This occurs when a business directly benefits from a human rights abuse committed by another organisation or individual. For example, state security forces may use disproportionate force in protecting a company's interest.
- **Silent complicity:** This occurs when a company fails to challenge systematic human rights violations regardless of whether these violations relate to its business. For example, a business may chose not to engage with the local (or host) government about its human rights performance.

Source: United Nations Global Compact

These potential human rights issues are then grouped by topics. An example of relevant human rights issues for CP ALL's value chain is presented in **Table 2**.

Table 2 Scoping relevant human rights issues in CP ALL's business activities in value chain

Relevant human rights issues	1. Sourcing	2. Production/ Distribution	3. Sales/ Marketing	4. Customers and Services
Labour rights				
Safety & Well-being				
Labour Practices				
Illegal Migrant Labour				
Child Labour				
Forced Labour				
Community and Environment rights				
Community Safety & Standard of Living				
Water management				
Waste and hazardous waste				
Consumer rights				
Customer Health & Safety				
Customer Discrimination				
Customer Data Privacy				

Definitions and examples of relevant human rights in CP ALL’s value chain are shown in **Appendix 1**.

2.2 IDENTIFICATION OF HUMAN RIGHTS RISKS

Following the scoping of relevant human rights issues, CP ALL needs to explore actual and potential human rights risks associated with CP ALL’s business activities based on the scoping set. Expected outcomes of this step are, including:

- Potential human rights risks and impacts associated with CP ALL’s operations;
- Identification of receptors to be impacted by CP ALL business activities, especially vulnerable groups, i.e. women, children, indigenous people, local communities, and migrant workers;
- Existing mitigation measures/ controls that CP ALL currently uses to manage these risks and; and
- Significant human rights risks and impacts associated with CP ALL’s operations, referring to high priority risks (i.e. salient issues) that require further actions to appropriately mitigate the risks. (More detail on salient issues on section 2.3.2).

The findings can be collected through engagement with internal stakeholders and/or use of the human rights risk register tool as described in the following sub-sections.

For the 2017 CP ALL Human Rights Due Diligence pilot project, engagement with internal stakeholders was done to identify potential issues. See results in **Appendix 3**.

2.2.1 Human Rights Risk Assessment Workshop

One approach is to conduct a workshop with key representatives from relevant departments and functions who are responsible for managing the identified potential human rights risks.

The procedure to conduct a workshop is as follows;

- Participants are divided into groups based on the predefined topics from step 2.1 (i.e. sourcing, production and distribution, sales and marketing and customer and services;
- Each group explains the way its functions operate;
- Each group identifies all human rights risks associated with its functions that may potentially occur as well as receptors for each risk. An example of human rights risks is presented in **Table 3**.
- Each group shares how human rights risks are being managed through existing mitigation measures and/or controls.
- All groups convene and conduct human rights risk assessment to identify and rank inherent and residual risks against pre-defined scoring criteria (See the criteria in Section 2.3).

Table 3 Example of human rights risks in convenient store services

Activity	Respective rights	Description of human rights risks	Receptors							Mitigation/ Control
			Employees	Local community	Children	Migrant workers	Third-party contracted labour	Indigenous	Etc.	
Labour rights										
Employment of staff and workers (full time and part time)	<ul style="list-style-type: none"> • Right not to be subjected to slavery, servitude, or forced labour 	<ul style="list-style-type: none"> • Labour practices (extensive working hours, holidays, change in job description) • Safety and well-being 	/		/					

Activity	Respective rights	Description of human rights risks	Receptors							Mitigation/Control
			Employees	Local community	Children	Migrant workers	Third-party contracted labour	Indigenous	Etc.	
	<ul style="list-style-type: none"> Right to freedom of association Right to work Right to enjoy just and favorable conditions of work (including rest and leisure) Right of protection for the child 	(electricity shock, accident from using machines, etc.) <ul style="list-style-type: none"> Employment of child labour aged under 18 years. 								
Community rights										
Establishment of new branches and operation of existing convenient stores and distribution centers	<ul style="list-style-type: none"> Right to life Right to adequate standard of living Right to health 	<ul style="list-style-type: none"> Controllable risks (impact from noise, heat, and odor) Uncontrollable risks (impact on local entrepreneur, increased traffic congestion and being a assemble for gangster) 		/	/					
Customer rights										
Selling food and product	<ul style="list-style-type: none"> Right to life Right to health 	<ul style="list-style-type: none"> Health and safety of customers (food safety) 		/	/					
Business partners (i.e. suppliers, contractors)										
Supply chain management	<ul style="list-style-type: none"> Right not to be subjected to slavery, servitude, or forced labour Right not to be subjected to torture, cruel, inhuman, and/or degrading treatment or punishment Right to enjoy just and favorable conditions of work Rights of minorities 	<ul style="list-style-type: none"> Supplier's employment of illegal forms of labour, i.e. undocumented migrant workers forced labour and child labour 			/	/	/			

See results of the 2017 Human Rights Risk Assessment Workshop in **Appendix 4**.

2.2.2 Human Rights Risk Assessment Tool

Another approach is to collect findings by the human rights risk assessment tool with relevant departments and functions (**Appendix 2**). The human rights risk assessment tool includes, at a minimum, the following information: the human rights risk (by topics), relevant human rights issues, existing mitigation and/or controls, scoring of likelihood and severity of the risks.

2.3 ASSESSMENT

The key difference between the human rights risk assessment and traditional risk assessment is that the human rights risk assessment assesses risk from the **perspective of the affected stakeholders**, whereby traditional risk assessment most often assesses risk from the **perspective of the company**.

The human rights risk assessment criteria have been developed to support the risk assessment process based on the Protect, Respect and Remedy Framework and the UN Guiding Principles. The level of risk will be assessed against the human rights risk assessment matrix, ranging from high, medium and low (**Figure 3**). The human rights risk assessment matrix consists of 2 dimensions: severity and likelihood, which will further explained in Section 2.3.1.

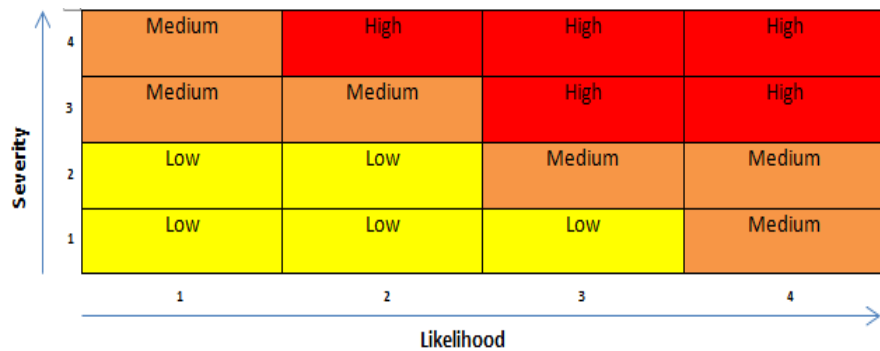


Figure 3 The Human Rights Risk Assessment Matrix

Risk Level

Low
 Medium
 High

Remarks: Inherent risks levels “High” and “Medium” are considered key risks that CP ALL needs to understand the effectiveness of its existing controls.

2.3.1 Human Rights Risk Assessment Criteria

According to the UN Guiding Principles, **severity** is not an absolute value, but is relative to the other human rights risks and impacts that have been identified. Severity of the identified human rights risks should be considered based on three characteristics (**Box 4**).

BOX 4 HUMAN RIGHTS ASSESSMENT CRITERIA: SEVERITY

Severity can be considered based on three following characteristics:

- **Scale:** How grave the impact is, for instance, impacts on the right to life or the health and safety of individual workers;
- **Scope:** How many people are or will be affected - for example, impacts on the livelihoods of entire communities or the freedom of association of an entire workforce;
- **Remediability:** Whether it will be difficult to restore the people impacted to a situation that is equivalent to their situation before the impact – for example where religious and cultural heritage of indigenous people has been destroyed.

Source: UN Guiding Principles on Business and Human Rights Article 14

For **likelihood**, it will be considered based on the local environment or context as shown in **Box 5**.

BOX 5 HUMAN RIGHTS ASSESSMENT CRITERIA: LIKELIHOOD

The likelihood of a risk occurring is greater in a high risk operating environment, including locations with following:

- Conflict zone;
- Weak governance;
- A mismatch between local practices and international human rights standards; and
- Legacy issues.

Source: UN Guiding Principles on Business and Human Rights Article 19

By considering these two dimensions (severity and likelihood), human rights risk assessment criteria is developed to identify level of risks as presented in **Table 4**.

Table 4 Human rights risk assessment criteria for severity and likelihood

Criteria for Severity				
Level of severity	Low (1)	Medium (2)	High (3)	Critical (4)
Scale	Minor impact to health and safety: first aid case	Slight impact to health and safety: minor injury or illness (no loss time)	Moderate impact to health and safety: serious injury that needs rehabilitation (loss time injury)	Significant impact to health and safety: physical disability or fatality
Scope	No negative impact to stakeholder	Impact to some stakeholders in particular stakeholder group	Impact to most stakeholders in particular stakeholder group	Impact to all stakeholders in the group
Irremediable Nature	Take less than a year (≤ 1 year) to restore the impact	Take $<1 \leq 3$ years to restore the impact	Take $<3 \leq 5$ years to restore the impact	Impossible to restore or will take longer than 5 years (>5 years) to restore the impact

Criteria for Likelihood				
Level of likelihood	Very unlikely (1)	Unlikely (2)	Likely (3)	Very likely (4)
	Almost never	Occurs rarely	Occurs very often	Occurs all the time
	Such human rights issues have never occurred in our business operation but have occurred in the industry of the operation.	Such human rights issues have happened in the past and also occurred sometimes at the present depending on operation of business units.	Such human rights issues have happened in the past and also occurred very often at the present.	Such human rights issues have occurred consistently from the past until present.

23.1.1 Analysing Human Rights Impact

In the HRIA, two types of risks are assessed:

- The **inherent risk**, which is the level of risk inherent, or natural, to the situation. It is based on the nature of the context when no mitigation measures are in place.
- The **residual (or net) risk**, which is the level of risk with all the measures and controls are in place.

To assess impact of identified human rights risks, CP ALL will conduct following steps.

- Assess **inherent risk level** of identified human rights risks by using the human rights risk assessment criteria and the risk assessment matrix to determine the significance of the human rights impact when there is no CP ALL’s existing mitigation measures in place;
- Assess **residual risk level** of identified human rights risks by using the same criteria and matrix. However, in this step, CP ALL needs to consider the mitigation measures and controls identified (Section 2.2) when determining the residual risks;

An example of an assessment of inherent and residual risk levels is presented in **Figure 4**.

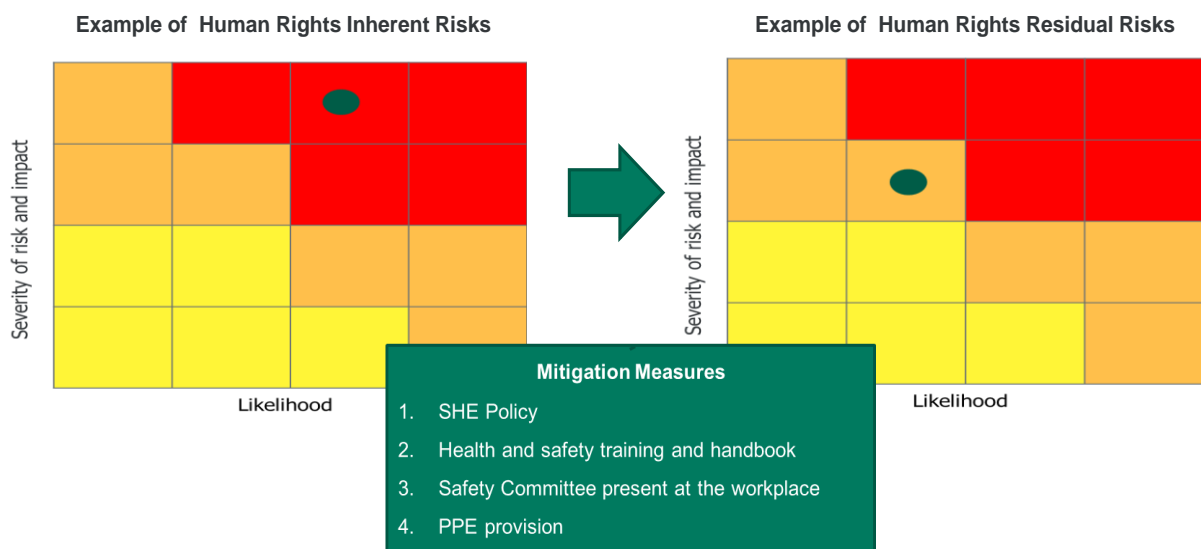
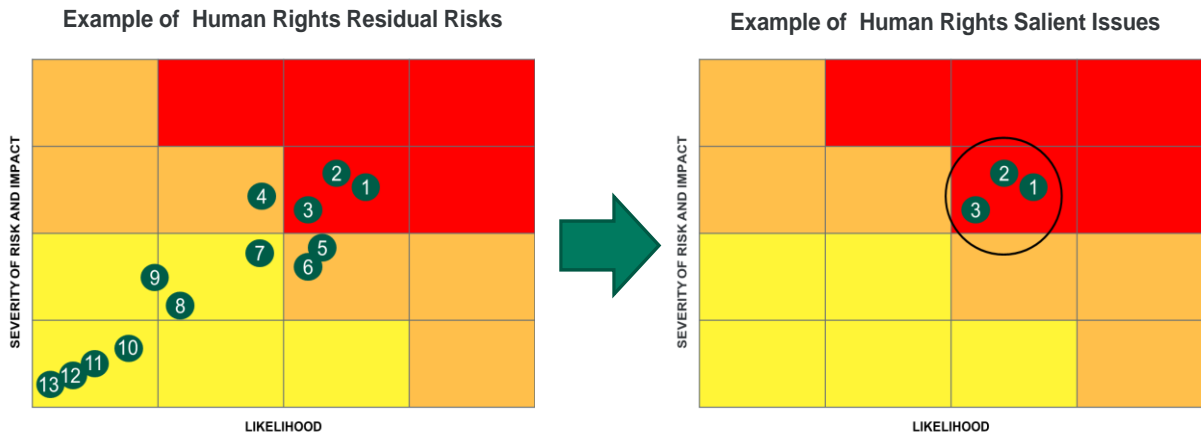


Figure 4 Example of assessment of inherent and residual risk levels for employee’s health and safety issues

- Select the top **human rights salient issues** once all residual risks are finalized and placed in the matrix. (See 2017 results in **Appendix 4**). The salient issues refer high priority risks that require further actions to appropriately mitigate the risks. In the other words, those human rights risks that are determined to have high level of impact to CP ALL are considered as the salient issues (**Figure 5**).



Human Rights Risks Issues in CP ALL	
1. Supply chain management (i.e. labour practices, child labour, forced labour, and migrant labour)	8. Employee discrimination
2. Employee safety and well-being	9. Water security
3. Customer health and safety	10. Child labour (employee)
4. Community safety and standard of living	11. Customer discrimination
5. Employee labour practices	12. Migrant labour (employee)
6. Waste management	13. Customer freedom of association
7. Customer data privacy	

Figure 5 Prioritization of Human Rights Residual Risks (Salient Issues)

23.2 MITIGATION AND MANAGEMENT

Upon identification of high human rights risks, CP ALL shall develop mitigation measures to reduce the likelihood of adverse human rights risk occurring. The actions to be considered shall include ongoing monitoring, performance tracking of how CP ALL will monitor and/or audit, reporting of the outcome, etc (Figure 6).

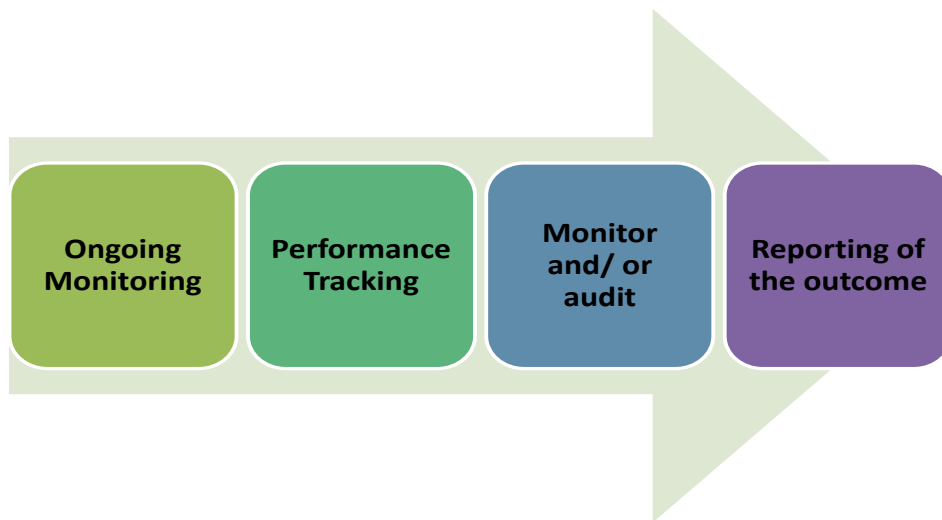


Figure 6 Human Rights Mitigation and Management Process

The focus should be on mitigating the potential negative impacts to as low as reasonably practicable and enhancing the potential positive impacts. The development for management measures is applied to business activities which have been assessed to have medium to high level of human rights impacts. An example of mitigation measures is presented in Table 5.

Table 5 Example of mitigation measures on Supply Chain Management

Identified risks	Proposed mitigation measures	Timeline of implementation	Responsible functions
Supply Chain Management			
Lack of a comprehensive Supply Chain Policy	<ul style="list-style-type: none"> Develop a Sustainable Sourcing Policy with explicit mention of Human Rights topics 	Q1	Merchandising
Lack of Sustainability criteria (i.e. human rights aspects) in the supplier selection process.	<ul style="list-style-type: none"> Conduct initial due diligence for selected high-risk suppliers Integrate sustainability questions into a pre-qualification process (new vendor list) Include the requirements and expectations of suppliers (relating to human rights) in the TOR and/or the contract clause 	Q2 Q2 Q3	Merchandising
Lack of systematic monitoring and evaluation of supplier's sustainability	<ul style="list-style-type: none"> Conduct supplier audit through self-assessment, site visits, depending on levels of risk associated with suppliers Establish timeframes (audit plan) for monitoring based on the activities and level of risks associated with the supplier Provide capacity building for non-conformance suppliers (Q4) 	Q3 - Q4 Q4 Q4	Merchandising

23.3 REPORTING AND EVALUATION

Results of the assessment of both inherent and residual risk levels (identified from 2.3.2) are needed to be consolidated in a human rights risk register, which is a human rights risk reporting tool. CP ALL's responsible functions will need to update human rights risks and impacts associated with their business activities within the risk register annually or appropriate period as agreed by CP ALL. An example of human rights risk register is presented in **Table 6**.

Table 6 Example of Human Rights Risk Register

1.Activity	2.Human Rights issue	3.Description of Impact	4.Inherent risks	5. Human Rights Standard	6.Prevention and Mitigation Measure	7.Residual risk	8.Additional measure
Labour practices							
Employment of staff and workers (full time and part time)	Safety and well-being of employees	Employees in the 24-hour convenient stores face risks to their safety and well-being mainly from working over-time, working nightly hours, and operating machines. Accidents can easily occur when employees are in fatigue, and even without fatigue, the stores have multiple points of risks (i.e. electrical machines being used close to water, objects falling from aisles).	Severity: 4 Likelihood: 3 Risk level: • Critical	Right to life Right to adequate standard of living Right to enjoy just and favourable conditions of work (including rest and leisure) Right to health	PPE measures Orientation and manual provided SHE Policy Health and safety training and handbook Safety Committee Grievance mechanisms Safety and well-being training and organizing the workplace training every six months	Severity: 3 Likelihood: 3 Risk level: • Critical	

24 REFERENCES

Table 7 describes information sources for development of the HRIA methodology and supported data (as normative References of human rights risk and impact assessment). CP ALL’s responsible functions should be aware of human rights issues, situations, standards, and laws and regulations which could affect to human rights risks in business operation and impact on relevant stakeholders.

Table 7 Normative References

Normative Reference	Hyperlink	Description
International Bill of Human Rights	http://www.ohchr.org/Documents/Publications/Compilation1.1en.pdf	International Bill of Human Rights consists of: <ul style="list-style-type: none"> • Universal Declaration of Human Rights 1948 as the fundamental human rights framework • International Covenant on Civil and Political Rights 1966 states to Civil and Political Rights such as the right to life, the right to freedom of thought, conscience and religion, the right to freedom of association, etc. • International Covenant on Economic, Social and Cultural Rights (ICESCR) 1966 aims to ensure the protection of economic, social and cultural rights; such as, the equal right of men and women, the right to work, the right to an adequate standard of living, etc.
International Labour Organisation: ILO	http://www.ilo.org/declaration/lang--en/index.htm	International Labour Organisation (ILO) aims to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialogue on work-related issues. The ILO Declaration on Fundamental Principles and Rights at Work consists of principles and rights in four categories, whether or not they have ratified the relevant Conventions: <ul style="list-style-type: none"> • Freedom of association and the effective recognition of the right to collective bargaining; • The elimination of forced or compulsory labour; • The abolition of child labour; and • The elimination of discrimination in respect of employment and occupation
Business & Human Rights Resource Center	http://business-humanrights.org/en/regions-countries	Business & Human Rights Resource Center is the knowledge hub that tracks human rights policy and performance of various global industries. However, the Business & Human Rights Resource Center still lacks overview of crucial human rights issues in each country. Business & Human Rights Resource Center commits to represent fairly all sides of debates on business and human rights issues, including highlighting good practice as well as criticisms of companies’ impacts which are advocated by civil society organizations, media agencies, companies and governments.
	http://business-humanrights.org/en/sectors	Business & Human Rights Resource Center presents case studies and human rights data which are link to various business sectors.
Office of the High Commissioner for Human Rights (OHCHR)	http://www.ohchr.org/EN/Countries/Pages/HumanRightsintheWorld.aspx	Office of the High Commissioner for Human Rights (OHCHR) represents the world’s commitment to universal ideals of human dignity. Human rights reporting, such as concluding observations, are

Normative Reference	Hyperlink	Description
World Report by Human Rights Watch	https://www.hrw.org	<p>provided specific recommendations of human rights to country members of United Nation (UN).</p> <p>Human Rights Watch is a non-profit/ non-governmental human rights organization which is known for its accurate fact-finding, impartial reporting, effective use of media, and targeted advocacy, often in partnership with local human rights groups. The organization has published the World Report which is assessed the human rights risks and impacts in a country worldwide. The Report aims to promote civil and political rights rather than social, economic and cultural risks.</p>
International Finance Corporation (IFC)	http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/guide+to+human+rights+impact+assessment+and+management/guide+to+hriam/tools+and+tables/hriam+table/hriam++table	<p>International Finance Corporation (IFC) provides a principle-based framework, best practices, resources and networking events related to human rights. IFC presents a linkage among human rights with business risks, impacts and opportunities; which can be used as a human rights identification manual in individual level in operating areas. Moreover, the manual also presents:</p> <ul style="list-style-type: none"> • Identification of actual or potential human rights risks • Assessment of actual or potential human rights impact <p>Application of human rights assessment results to companies' management</p>

25 APPENDICES

APPENDIX 1: DEFINITION OF POTENTIAL HUMAN RIGHTS AT RISK

Relevant human rights	Definition	Detailed example
Labour rights		
Working Conditions	Conditions of work include wages, working time, rest periods, holidays, disciplinary and dismissal practice, maternity protection and welfare matters such as safe drinking water, sanitation, canteens, and access to medical services. While many of the conditions of work are required by law, some are set up by the company as a legal binding agreement between employer and workers (i.e. employees, contractors, sub-contractors, and suppliers	Conditions of work comply with national laws and regulations and are consistent with applicable international labor standards. Company's related standards, guidelines and procedures shall be kept up to date in accordance with applicable laws and regulations.
Freedom of association/ collective bargaining	Individuals have the rights to assemble and gather peacefully when a gathering takes place for a specific purpose, where there is discussion, or where ideas are proclaimed. Freedom of assembly encompasses the right to demonstrate in groups, whether in stationary gatherings or marches. However, this right may only be restricted by Government in circumstances that area set down in law and are necessary to protect national security, public order, or the rights and freedoms of others.	The company might restrict individuals to form or join all types of association such as political parties, religious societies, sporting and other recreational clubs, non-governmental organizations and trade unions. Individuals also should not be discriminated against because of trade union membership.
Forced and Compulsory Labor	All work or service which is exacted from any person under menace of any penalty and for which the said person has not offered himself voluntarily	The company risks allegations of abusing these rights if it directly makes use of slaves, forced, bonded or involuntary prison labor; in addition, the company may also risk allegations of complicity if it benefits from the use of such labor by suppliers, subcontractors, and other business partners.
Employment age/ Child Labor	Child workers are frequently denied the opportunity to undertake education as a result of going to work, and their mental and physical health can suffer due to poor working conditions, long hours of work, and ill-treatment by employers.	Due to lower power of negotiation to protect their rights, children constitute one of the major vulnerable groups. The company and its suppliers may be potentially engaging in business activities involving child labour due to cheaper wage and shortage of labour. In addition, there is a high probability that the company is using child labour if the company doesn't have corporate employment policy that complies with the laws regarding minimum age for employment and a policy of labor standards to associated suppliers and contractors to acknowledge and comply with.
Safe and Healthy Working Conditions	Health and safety at work concerns the promotion and maintenance of the physical, mental and social well-being of workers and prevention of harm to health caused by working conditions.	Company's activities and products can impact on the right to health of employees, and are expected to ensure that their operations and products do not impact on the right to health of people such as employees, workers, consumers and local communities.

Relevant human rights	Definition	Detailed example
Discrimination	Discrimination means any distinction, exclusion, or preference made that has the effect of reducing or removing altogether equality of opportunity or treatment for the victim.	The company's activities can create impacts on the right of nondiscrimination of their workforce, business partners and customers. Each of these stakeholders should be treated without discrimination, for example in recruitment, pay and training for workers and in the provision of services to customers. Individuals should be protected from discrimination on different grounds including race, color, sex, language, religion, political or other opinion, national or social origin, property, and birth or other status (e.g. HIV/AIDS, disability, marital status, age and sexual orientation).
Community Rights		
Standards of Living and Quality of Life	The right includes access to adequate standard of living including adequate food, clothing, housing and continuous improvement of living conditions, including sufficient water and sanitation.	The company may find its activities creating impacts on the right to adequate standards of living and quality of life, such as creating higher unemployment of local people, increased traffic congestion, accident from transportation of the company's goods.
Community Health and Safety	Well-being including health and safety of people living in surrounding communities.	The company may find its activities creating impacts on health and safety of communities if those activities are not properly managed, such as improper waste and hazardous material management leading to communicable diseases, accident from transportation of the company's goods, etc.
Water management	Water scarcity and polluted water by the company activities can cause environmental and health impacts.	The company may face close scrutiny over the policies and systems in place to ensure that pollution does not negatively impact on the right to health of workers and members of surrounding communities.
Waste and Hazardous Materials Management	Waste and hazardous materials that were released as a result of business activities of the company.	Insufficient measures and procedures for management of waste may impact community's health and safety where right to health is violated and standard of living has been compromised. Effective management of waste including hazardous and non-hazardous waste can prevent risks of environmental contamination and public's health and safety.
Consumer Rights		
Consumer Health and Safety	Consumer health and safety protection involves the provision of products and services that are safe and that do not carry unacceptable risk of harm when used or consumed.	Risks associated with health and safety of consumer could occur if the company didn't have measures to procure, protect and investigate safety of product, such as expired and contaminated product.

Relevant human rights	Definition	Detailed example
Discrimination	Discrimination means any distinction, exclusion or preference made that has the effect of reducing or removing altogether equality of opportunity or treatment for the victim.	The company's activities can lead to discrimination against some group consumers. These activities are, for example, bias on service provision, hated speech on product market, etc. Consumers should be protected from discrimination on different grounds including race, color, sex, language, religion, political or other opinion, national or social origin, property, and birth or other status (e.g. HIV/AIDS, disability, marital status, age and sexual orientation).
Data Privacy	Personally identifiable and sensitive information, such as name, age, marital status and health status	The company could violate right to privacy of consumers if personal data of consumers was leaked or used for benefits of the company without consent of the consumers. Increasing use of online communication raise concerns about how consumer privacy can be protected, particularly with regard to personally identifiable and sensitive information, such as name, age, marital status and health status. The company, therefore, needs to ensure that consumer data protection and privacy are intended to safeguard consumers' rights of privacy by limiting the types of information gathered and the ways in which such information is obtained, used and secured.
Business partners		
Supply chain management	To effectively manage risks in supply chain, engagement with business partners (e.g. suppliers, contractors, etc.) is the key to communicate them of company's position and those who desire to conduct business with the company must adhere to the company's standards and host country's laws as minimum requirements. In addition, the company should develop code of conduct for all business partners to adhere to in order to ensure compliance with company's commitment in human rights.	To fully commit to human rights, the company must expand its commitments to suppliers, contractors, and service providers as they are business partners who also have risks to not only violate rights of their workers (e.g. forced and child labor, etc.) but also negatively impact company's reputation. Similar to lack of the company's code of conduct for its suppliers, there will be a higher opportunity that the suppliers can violate rights of their workers (e.g. forced and child labor, etc.) and this will eventually damage the company's reputation.

APPENDIX 2 HUMAN RIGHTS RISK ASSESSMENT TOOL

Potential Risks (by Topic)	Issues (Examples)	Existing Mitigation and/ or Controls	Likelihood Score	Severity Score (highest score from 3 criteria)	(Inherent ³) Risk Level (from matrix)	Relative (Residual ⁴) Risks Ranking (Pick Top 5)
Employment practices	Labour practices Safety and well-being Child labour					
Customer practices	Data privacy / security Health and safety					
Supply chain management	Labour practices Migrant labour Forced labour Child labour					

Note:

³ Inherent (or gross) risk is the level of risk when there is no mitigation measure or control in place, or if all measures and controls were failing.

⁴ Residual (or net) risk is the level of risk with all the measures and controls are in place.

APPENDIX 3 CP ALL IDENTIFIED POTENTIAL HUMAN RIGHTS ISSUES

The follow tables are potential human rights issues identified through engagement with internal functions prior to the human rights risk assessment workshop.

Specific Topics	Relevant Issues	Existing Controls of human rights risk management issues
1. Health, Safety, and Well-being	<ul style="list-style-type: none"> • Accident during working, such as drop products, get crashed by forklift (Makro). • Accidents caused by the use of equipment in the store, such as drop of products-packages, an electronic shock, and a short circuit/ electrical fault (7-11). • Accidents during working, such as a knife cut or slip)CPRAM, CP Retailink). • Stress and pressure from work (24 Shopping). 	<p>Existing measures for <u>CP All Group</u></p> <ul style="list-style-type: none"> • Occupational Health and Safety Policy • Occupational health and safety standards. • Training related to occupational health and safety is part of job training for employees. • Training for occupational health and safety trainers (Security management staff). • Occupational health and safety practice guidelines. • There is a safety committee at workplace that monitors the accident occurring within 24 hours and reports the results every 3 months. • Record voice conversations with customers and employees (24 Shopping). <p>Existing measures for <u>business partners and contractors of CP All Group</u></p> <ul style="list-style-type: none"> • Workplace safety inspection of non-trade purchases business partners.
2. Labor Practices	<ul style="list-style-type: none"> • Employment contract does not match the working conditions, such as working in high areas is not defined in the employment details (7-11). • Transportation of goods during festivals may cause overtime due to more frequent of transportation of goods than usual (Dynamic). • Wages that are less than the law regulated. 	<p>Existing measures for <u>CP All Group</u></p> <ul style="list-style-type: none"> • Employee manual • Code of Conduct • Work regulations <p>Existing measures for <u>business partners and contractors of CP All Group</u></p> <ul style="list-style-type: none"> • The requirements of the employer (Terms of Reference) that clearly define the compliance with labor laws and practices that violate

Specific Topics	Relevant Issues	Existing Controls of human rights risk management issues
	<ul style="list-style-type: none"> • Long working period. • Overtime work that is more than the law regulated. • Providing various unfair benefits. • Discrimination and others. 	<p>labor rights of business partners and contractors.</p> <ul style="list-style-type: none"> • Guidelines for selecting business partners and contractors. • Examination of labor practices of business partners and contractors.
<p>3. Migrant workers</p>	<ul style="list-style-type: none"> • Labor in the production section of CPRAM Factory (Ready-to-eat food) is a foreign worker from Myanmar and Cambodia (CPRAM). • The use of illegal migrant workers in the transportation of goods to the company's truck (Dynamic). • Exploitation of migrant workers of business partners and contractors in working conditions such as <ul style="list-style-type: none"> - The right to receive wages. - The deduction of wages for the migrant labor supporting fund. - Securing important identification documents and travel documents. - Suitable accommodation. - Compensation and welfare. - Freedom of entry and exit at workplace. • The selection of workers by recruiters or recruitment companies, especially from the country of labor source, may have violated labor rights such as <ul style="list-style-type: none"> - The unfair deduction of recruitment fees. - Securing important identification documents and travel documents. - Labor wage deduction. 	<p>Existing measures for <u>CP All Group (CPRAM)</u></p> <ul style="list-style-type: none"> • reparation employment contracts with the migrant workers' national languages. • Employee manual. • Code of Conduct. • Regulations for hiring migrant workers through the process of identifying the MOU between Thai government and the country of origin. • Audit all five current recruitment companies. <p>Existing measures for business partners and contractors of <u>CP All Group</u></p> <ul style="list-style-type: none"> • Guidelines for selecting business partners and contractors. • Examination of labor practices of business partners and contractors. • The requirements of the employer (Terms of Reference) that clearly define the compliance with labor laws and practices that violate labor rights of business partners and contractors. • Workplace safety inspection of non-trade purchases business partners.
<p>4. Child Labor</p>	<ul style="list-style-type: none"> • The friends of the convenience store staff who are under the age of 18 work instead (7-11). • The use of child labor of 	<p>Existing measures for <u>CP All Group</u></p> <ul style="list-style-type: none"> • Employee manual • Code of Conduct • Work regulations

Specific Topics	Relevant Issues	Existing Controls of human rights risk management issues
	<p>business partners and contractors (under 15 years old).</p> <ul style="list-style-type: none"> The use of minor labor of business partners and contractors (under 18 years of age). 	<p>Existing measures for business partners and contractors of <u>CP All Group</u></p> <ul style="list-style-type: none"> Guidelines for selecting business partners and contractors. Examination of labor practices of business partners and contractors. The requirements of the employer (Terms of Reference) that clearly define the compliance with labor laws and practices that violate labor rights of business partners and contractors. Workplace safety inspection of non-trade purchases business partners.
5. Forced Labor	<ul style="list-style-type: none"> Compulsory and exploitation of migrant labor of business partners and contractors in working conditions such as <ul style="list-style-type: none"> The labor hour exceeds the specified time and the workers are unwilling. Paying wages Collection of deposits or fees in exchange for employment Detention of labor. 	<p>Existing measures for business partners and contractors of <u>CP All Group</u></p> <ul style="list-style-type: none"> Guidelines for selecting business partners and contractors. Inspection of labor practices of business partners and contractors. The requirements of the employer (Terms of Reference) that clearly define the compliance with labor laws and practices that violate labor rights of business partners and contractors. Workplace safety inspection of non-trade purchases business partners.
6. Community Safety & Standard of Living & Quality of Life	<ul style="list-style-type: none"> Smoke caused by trucks transporting goods (Dynamic, CPRAM). The fast driving may cause accidents in the community (Dynamic, CPRAM, Makro). Bad smell from waste water that convenience stores released into cesspool (occurs in the case of such stores with no drainage are located in communities (7-11)). Heat from the heating coil and 	<p>Existing measures for CP All Group</p> <ul style="list-style-type: none"> Mechanisms for receiving complaints from the community with main channels such as websites, email, Facebook, Twitter, and hotlines. Meeting with communities to listen to their comments and concerns by the coordinating government agency. Freight management plan with a route inspection to reduce transportation time. Construction of energy-saving

Specific Topics	Relevant Issues	Existing Controls of human rights risk management issues
	<p>compressor installed outside the convenience store. (7-11)</p> <ul style="list-style-type: none"> • Sound during the construction of convenience stores and cargo transportation (7-11). • Accidents that may arise from the production of the factory, such as the boiler explosion, ammonia leakage, fire occurrence, etc. (CPRAM) • Sound, heat, and smoke dust from the operation of the machine in the factory (CPRAM). 	<p>stores and green buildings (7-11).</p> <ul style="list-style-type: none"> • The use of cover material during construction to reduce the impact on the community.
<p>7. Water Management</p>	<ul style="list-style-type: none"> • Community water scramble is one of the occurring risks. In the past, CPRAM's factory used tap water which is the main source of water for the community, causing complaints from the community that the company had used too much water in the factory operation process (CPRAM). • The discharge of waste water from convenience stores into the cesspools of the community because such stores are located in an area without a drain sometimes causing foul odor and receiving complaints from the community (7-11). • Some distribution centers are faced with the problems of insufficient wastewater treatment systems (7-11). 	<p>Existing measures for <u>CP All Group</u></p> <ul style="list-style-type: none"> • Water management plan and system which has now changed from using tap water to groundwater (CPRAM). • Wastewater management systems that meet the standards required by law (7-11). • Development of adequate and comprehensive wastewater treatment systems for distribution centers (7-11).
<p>8. Waste and hazardous waste management</p>	<p>Leakage of hazardous waste and infectious waste mostly from the distribution center and may occur in emergencies such as floods, etc. (7-11)</p>	<p>Existing measures for <u>CP All Group</u></p> <ul style="list-style-type: none"> • The system in categorizing waste between general waste and hazardous waste, with two separate types of waste collection systems that meet the standards as required by law before being submitted to the contracting company for disposal (7-11).

Specific Topics	Relevant Issues	Existing Controls of human rights risk management issues
9. Customer Health & Safety	<ul style="list-style-type: none"> • Risks in using wrong products such as some plastic chairs that cannot support the weight of the user as specified in the product-use instructions (Makro). • Accidents during the purchase of products in stores such as products drop over customers, forklift colliding customer, etc. (Makro) • Accidents occurring during the purchase of products in convenience stores, such as scalds, electric shock, collisions or bumps by cargo workers (7-11). • Non-standard products such as expired products, contaminated products, and toxic products (Makro, 7-11, CPRAM). • Health impact from using products such as allergic to skin cream (24 Shopping). 	Existing measures for <u>CP All Group</u> <ul style="list-style-type: none"> • Monitoring system for product standards (Traceability). • Product recall system. • Mechanisms in receiving complaints from customers. • Monitoring system and correcting the complaints from customers within 24 hours. • Strict compliance with legal standards for product labels, including practices beyond the law, such as identification of nutrients in the product category that the law does not specify etc.
10. Customer Discrimination	<p>Discrimination in providing products and services to customers due to different backgrounds such as race, color, sex, language, religion, politics, etc. and also covers other current statuses, such as HIV / AIDS, disability, marital status, age, and sexual orientation.</p>	Existing measures for <u>CP All Group</u> <ul style="list-style-type: none"> • Employee manual • Code of Conduct • Work regulations
11. Customer Privacy	<ul style="list-style-type: none"> • Advertising notification via phone or messages without the consent of the customers. • Providing personal information of customers to third parties without the consent of customers. • Leaking personal information of customers to third parties 	Existing measures for <u>CP All Group</u> <ul style="list-style-type: none"> • Safety management system for personal data and information. • Annually monitoring of the security system of the database by external auditors. • The measures to prevent data leakage. • The measures preventing the leakage of information from the employees who resign from the company by closing or changing the account in the system and suspending access to information immediately.

Summary of the Workshop

"Human Rights Risk Assessment of the Year 2018"

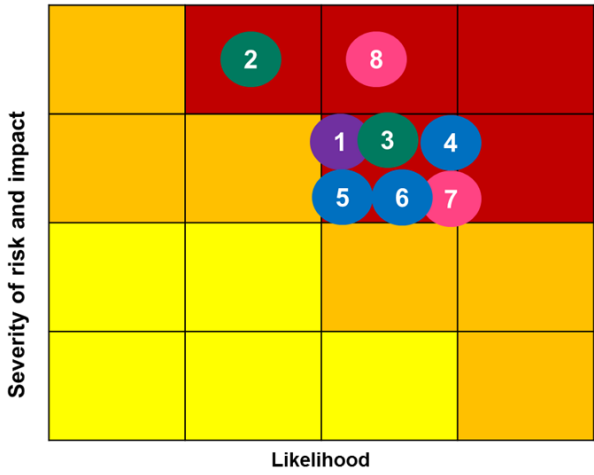
On Thursday, December 13th 2018, 09:00 - 16:00 hrs.

At the conference room, 3rd floor, Panyapiwat Institute of Management

Meeting Procedures

- (1) Presenting the background on human rights and business, human rights risk issues of the organization's operations, and the Likelihood and Severity matrix assessment method by consultants.
- (2) Dividing the group of participants into 4 groups according to business activities, including 1) Sourcing 2) Production / Distribution 3) Sales / Marketing 4) Customers and Services.
- (3) Participants attend in screening of human rights issues related to individual business activities.
- (4) Participants attend in assessing the likelihood and severity of the inherent risks according to the business activities specified in Clause 2, using the assessment criteria of the likelihood and the severity of risk based on the assessment criteria below (Table 1 and 2) and relevant issues from the information that the consultants have collected from interviews with 3 business units, namely CP Retailink, 24 Shopping, and Dynamic Management before the meeting and reviewing the risk issues obtained from the recent annual human rights risk assessment in 2017.
- (5) Asking for guidelines for existing controls including tools or methods for managing such risks.
- (6) Assessing the likelihood and severity of the residual risks after using the preventive and mitigation measures.
- (7) Offering the residual risks of all four business activities by representatives from business activities.
- (8) Presenting methods for mitigating the risks of best practices by consultants.
- (9) Brainstorming about future measures or new measures to mitigate and prevent the residual risks in each business activity.

Figure 1: 2018 CP ALL Group’s Salient Issues



- Sourcing
- Production & Distribution
- Sales & Marketing
- Customer & Services

Sourcing	
1.	Water management (Trade)
Production and Distribution	
2.	Employee safety and well-being (Manufacturing)
3.	Employee safety and well-being (Logistics)
Sales and Marketing	
4.	Customer health and safety (Retail)
5.	Employee health and safety (Wholesale)
6.	Water management (Retail)
Customers and Services	
7.	Community safety (Training and Education)
8.	Customer health and safety (Online)

- Level of Risk Impact**
- Low
 - Medium
 - High